



04-22-2004



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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

Tab settings ⇌ ⇌ ⇌

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies): 4/19/04  
WOVEN ELECTRONICS CORPORATION

- Individual(s)
- General Partnership
- Corporation-State
- Other
- Association
- Limited Partnership

Additional name(s) of conveying party(ies) attached?  Yes  No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other
- Merger
- Change of Name

Execution Date: 03/09/2004

2. Name and address of receiving party(ies)

Name: GLADSTONE CAPITAL CORPORATION

Internal Address: \_\_\_\_\_

Street Address: 1616 Anderson Road

City: McLean State: VA Zip: 22102

- Individual(s) citizenship
- Association
- General Partnership
- Limited Partnership
- Corporation-State Maryland
- Other

If assignee is not domiciled in the United States, a domestic representative designation is attached:  Yes  No  
(Designations must be a separate document from assignment)  
Additional name(s) & address(es) attached?  Yes  No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) n/a

B. Trademark Registration No.(s) see Schedule A attached to Security Agreement

Additional number(s) attached  Yes  No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Benjamin D. Horowicz, Esquire

Internal Address: \_\_\_\_\_

Street Address: % Miles & Stockbridge P.C.

10 Light Street, 14th Floor

City: Baltimore State: MD Zip: 21202

6. Total number of applications and registrations involved: 7

7. Total fee (37 CFR 3.41).....\$ 190.00

- Enclosed
- Authorized to be charged to deposit account

8. Deposit account number: \_\_\_\_\_

DO NOT USE THIS SPACE

9. Signature.

BENJAMIN D. HOROWICZ, ESQ.

Name of Person Signing

B.D.H.  
Signature

04/14/2004

Date

Total number of pages including cover sheet, attachments, and document: 8

Mail documents to be recorded with required cover sheet information to:  
Commissioner of Patent & Trademarks, Box Assignments  
Washington, D.C. 20231

TRADEMARK  
REEL: 002953 FRAME: 0295

04/21/2004 REGITACHE 00000137 2035443  
40.00 OP  
190.00 OP  
01 FC:8521  
02 FC:8522

SCHEDULE A TO  
TRADEMARK SECURITY AGREEMENT  
(Gladstone)

Registered  
Trademark Schedule

<u>Registration/Serial Number</u>	<u>Issue Date</u>	<u>Trademark</u>
2035443	February 4, 1997	WOVEN ELECTRONICS
1930636	October 31, 1995	WOVEN ELECTRONICS (Design)
2096432	September 16, 1997	(Design Only)
1907109	July 25, 1995	(Design Only)
1083245	January 24, 1978	(Design Only)
2240053*	April 20, 1999	PSG
2104375*	October 7, 1997	POWER SYSTEMS GROUP

Trademark Applications

<u>Trademark Application</u> <u>Description</u>	<u>U.S. Application Number</u>	<u>Date Applied</u>
LIGHTLOC	N/A	N/A

\*Indicates that Borrower deems such trademark to have been abandoned.

**TRADEMARK SECURITY AGREEMENT**  
(Gladstone)

THIS TRADEMARK SECURITY AGREEMENT (the "Security Agreement") made as of this 9<sup>th</sup> day of March, 2004 by WOVEN ELECTRONICS CORPORATION, a South Carolina corporation, with an office at 9 Washington Park, Greenville, South Carolina 29601 ("Woven") in favor of GLADSTONE CAPITAL CORPORATION, a Maryland corporation, as a Lender ("Gladstone") under the terms of the Loan Agreement (as hereinafter defined), with an address of 1616 Anderson Road, McLean, VA 22102:

**W I T N E S S E T H**

WHEREAS, Woven Acquisition Corporation, a Delaware corporation ("Acquisition"), as the initial Borrower under the terms of the Loan Agreement, Gladstone, LaSalle Business Credit, LLC, a Delaware limited liability company, in its capacity as "Agent" under the terms of the Loan Agreement, LaSalle Business Credit, LLC, a Delaware limited liability company, in its capacity as a lender ("LBC") and such others from time included in the term "Lenders" (as that term is defined in the Loan Agreement), are parties to a certain Loan and Security Agreement of even date herewith (as amended, amended and restated or otherwise modified from time to time, the "Loan Agreement") and other related loan documents of even date herewith (collectively, with the Loan Agreement, and as each may be amended or otherwise modified from time to time, the "Loan Documents"), which Loan Documents provide (i) that the Lenders have extended, or will, from time to time, extend credit to or for the account of the borrower under the Loan Agreement (the "Borrower") and (ii) for the grant by Borrower to Gladstone of a security interest in certain of Borrower's assets, including, without limitation, its trademarks and trademark applications;

WHEREAS, Acquisition has merged with and into Woven, with Woven as the sole surviving corporation, such that Woven has become the "Borrower" under the Loan Agreement;

NOW, THEREFORE, in consideration of the premises set forth herein and for other good and valuable consideration, receipt and sufficiency of which are hereby acknowledged, Woven agrees as follows:

1. Incorporation of Loan Documents. All terms capitalized but not otherwise defined herein shall have the same meanings herein as in the Loan Agreement.

2. Grant and Reaffirmation of Grant of Security Interests. To secure the complete and timely payment and satisfaction of the Obligations owing to Gladstone in its capacity as a Lender under the Loan Agreement (collectively, the "Gladstone Obligations"), Woven hereby grants to Gladstone, and hereby reaffirms its prior grant pursuant to the Loan Documents of, a continuing security interest in Woven's entire right, title and interest in and to all of its now owned or existing and hereafter acquired or arising trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications (other than "intent to use"

applications until a verified statement of use is filed with respect to such applications) in connection therewith, including, without limitation, the trademarks and applications listed on Schedule A attached hereto and made a part hereof and the trademarks, and renewals thereof, and all income, royalties, damages and payments now or hereafter due and/or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing (all of the foregoing are sometimes hereinafter individually and/or collectively referred to as the "Trademarks"); all rights corresponding to any of the foregoing throughout the world and the goodwill of the Woven's business connected with the use of and symbolized by the Trademarks.

3. Warranties and Representations. Woven warrants and represents to Gladstone that:

(i) no Trademark has been adjudged invalid or unenforceable by a court of competent jurisdiction nor has any such Trademark been cancelled, in whole or in part and each such Trademark is presently subsisting;

(ii) Woven is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to each Trademark, free and clear of any liens, charges and encumbrances (other than Permitted Liens), including without limitation, shop rights and covenants by Woven not to sue third persons;

(iii) Woven has no notice of any suits or actions commenced or threatened with reference to any Trademark; and

(iv) Woven has the unqualified right to execute and deliver this Security Agreement and perform its terms.

4. Restrictions on Future Agreements. Woven agrees that until the Gladstone Obligations shall have been satisfied in full and the Loan Documents shall have been terminated, Woven shall not, without the prior written consent of Gladstone, sell or assign its interest in any Trademark or enter into any other agreement with respect to any Trademark which would affect the validity or enforcement of the rights transferred to Gladstone under this Security Agreement.

5. New Trademarks. Woven represents and warrants that, based on a diligent investigation by Woven, the Trademarks listed on Schedule A constitute all of the federally registered Trademarks, and federal applications for registration of Trademarks (other than "intent to use" applications until a verified statement of use is filed with respect to such applications) now owned by Woven other than Trademarks or Trademark applications, if any, which are no longer valid or in use or which have been abandoned. If, before the Gladstone Obligations shall have been satisfied in full or before the Loan Documents have been terminated, Woven shall (i) become aware of any existing Trademarks of which Woven has not previously informed Gladstone, or (ii) become entitled to the benefit of any Trademarks, which benefit is not in existence on the date hereof, the provisions of this Security Agreement above shall automatically apply thereto and

Woven shall give to Gladstone prompt written notice thereof. Woven hereby authorizes Gladstone to modify this Security Agreement by amending Schedule A to include any such Trademarks.

6. Term. The term of this Security Agreement shall extend until the payment in full of the Gladstone Obligations and the termination of the Loan Documents. Woven agrees that upon the occurrence of an Event of Default and during the continuation thereof, the use by Agent, Gladstone and/or any of the other Lenders of all Trademarks shall be without any liability for royalties or other related charges from Agent, Gladstone and or any of the other Lenders to Woven.

7. Product Quality. Woven agrees to maintain the quality of any and all products in connection with which the Trademarks are used, consistent with commercially reasonable business practices. Upon the occurrence of an Event of Default and during the continuation thereof, Woven agrees that Gladstone, or a conservator appointed by Gladstone, shall have the right to establish such additional product quality controls as Gladstone, or said conservator, in its reasonable judgment, may deem necessary to assure maintenance of the quality of products sold by Woven under the Trademarks.

8. Release of Security Agreement. This Security Agreement is made for collateral purposes only. Upon payment in full of the Gladstone Obligations and termination of the Loan Documents, Gladstone shall take such actions as may be necessary or proper to terminate the security interests created hereby and pursuant to the Loan Documents

9. Expenses. All reasonable expenses actually incurred in connection with the performance of any of the agreements set forth herein shall be borne by Woven. All fees, costs and expenses, of whatever kind or nature, including reasonable attorneys' fees and legal expenses, actually incurred by Gladstone in connection with the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, reasonable counsel fees, maintenance fees, encumbrances or otherwise in protecting, maintaining or preserving the Trademarks or in defending or prosecuting any actions or proceedings arising out of or related to the Trademarks shall be borne by and paid by Woven and until paid shall constitute Obligations.

10. Duties of Woven. Woven shall have the duty, to the extent commercially reasonable (i) to file and prosecute diligently any trademark applications pending as of the date hereof or hereafter until the Gladstone Obligations shall have been paid in full and the Loan Documents have been terminated, (ii) to preserve and maintain all rights in the Trademarks, as commercially reasonable and (iii) to ensure that the Trademarks are and remain enforceable, as commercially reasonable. Any expenses incurred in connection with the Gladstone Obligations under this Section 10 shall be borne by Woven.

11. Gladstone's Right to Sue. After an Event of Default and during the continuation thereof, Gladstone shall have the right, but shall in no way be obligated, to bring suit in its own name to enforce the Trademarks and, if Gladstone shall commence any such suit, Woven shall, at the request of Gladstone, do any and all lawful acts and execute any and all proper documents required by Gladstone in aid of such enforcement and Woven shall promptly, upon

demand, reimburse and indemnify Gladstone for all reasonable costs and expenses incurred by Gladstone in the exercise of its rights under this Section 11.

12. Waivers. No course of dealing between Woven the Agent, Gladstone and/or the other Lenders, nor any failure to exercise, nor any delay in exercising, on the part of the Agent, Gladstone or the other Lenders, any right, power or privilege hereunder or under the Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

13. Severability. The provisions of this Security Agreement are severable, and if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Security Agreement in any jurisdiction.

14. Modification. This Security Agreement cannot be altered, amended or modified in any way, except as specifically provided in Section 5 hereof or by a writing signed by the parties hereto.

15. Cumulative Remedies; Power of Attorney; Effect on Loan Documents. All of Gladstone's rights and remedies with respect to the Trademarks, whether established hereby or by the Loan Documents, or by any other agreements or by law shall be cumulative and may be exercised singularly or concurrently. Woven hereby authorizes Gladstone upon the occurrence of an Event of Default and during the continuation thereof, to make, constitute and appoint any officer or agent of Gladstone as Gladstone may select, in its sole discretion, as Woven's true and lawful attorney-in-fact, with power to (i) endorse Woven's name on all applications, documents, papers and instruments necessary or desirable for Gladstone in the use of the Trademarks or (ii) take any other actions with respect to the Trademarks as Gladstone deems to be in the best interest of Gladstone, or (iii) grant or issue any exclusive or non-exclusive license under the Trademarks to anyone, or (iv) assign, pledge, convey or otherwise transfer title in or dispose of the Trademarks to anyone. Woven hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable until Woven's Liabilities shall have been paid in full and the Loan Documents have been terminated. Woven acknowledges and agrees that this Security Agreement is not intended to limit or restrict in any way the rights and remedies of Gladstone under the Loan Documents but rather is intended to facilitate the exercise of such rights and remedies. Gladstone shall have, in addition to all other rights and remedies given it by the terms of this Security Agreement and the Loan Documents, all rights and remedies allowed by law and the rights and remedies of a secured party under the Uniform Commercial Code as enacted in Illinois.

16. Binding Effect; Benefits. This Security Agreement shall be binding upon Woven and its respective successors and assigns, and shall inure to the benefit of Gladstone, its successors, nominees and assigns.

17. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Illinois and applicable federal law.

18. Headings. Paragraph headings used herein are for convenience only and shall not modify the provisions which they precede.

19. Further Assurances. Woven agrees to execute and deliver such further agreements, instruments and documents, and to perform such further acts, as Gladstone shall reasonably request from time to time in order to carry out the purpose of this Security Agreement and agreements set forth herein.

20. Survival of Representations. All representations and warranties of Woven contained in this Security Agreement shall survive the execution and delivery of this Security Agreement. Woven covenants and agrees that it will not take any action that would result in the representations and/or warranties contained in this Security Agreement to become false or untrue, and Woven will promptly notify Gladstone should any of such representations and/or warranties become false or untrue in any material respect.

21. Incorporation, Interpretation and Conflicts. The Loan Agreement and that certain Intercreditor Agreement of even date herewith by and between LBC, Gladstone, Agent and Borrower, as amended, restated, modified, substituted, extended and renewed from time to time (the "Intercreditor Agreement") contain provisions dealing with, among other things, the order of filing of Security Documents (as that term is defined in the Loan Agreement; which include, without limitation, this Security Agreement), the exercise of rights and remedies under this Security Agreement and other Financing Documents (as defined in the Loan Agreement), including, without limitation, the appointment of the Agent as Gladstone's attorney-in-fact for the purpose of such exercise, and the application of proceeds of the property covered by this Security Agreement. In addition, Section 33 of the Loan Agreement imposes limitations on amendments to this Security Agreement and provides that waivers and amendments of the Loan Agreement and the Other Agreements (including, without limitation, this Security Agreement) made in accordance with Section 33 of the Loan Agreement shall be binding upon the Agent and the Lenders (including, without limitation, Gladstone). In the event of any conflict or ambiguity between the terms of the Loan Agreement, the Intercreditor Agreement and this Security Agreement, the terms of the Intercreditor Agreement shall govern.

[Signatures Follows on Next Page]

SIGNATURE PAGE TO  
TRADEMARK SECURITY AGREEMENT  
(Gladstone)

IN WITNESS WHEREOF, Woven has duly executed this Security Agreement as of the date first written above.

WITNESS/ATTEST:

WOVEN:

WOVEN ELECTRONICS CORPORATION

Christopher Walsh

By: J. Hunter Reichert (SEAL)  
J. Hunter Reichert,  
Chairman and Chief Executive Officer

Agreed and Accepted By Gladstone  
As of the Date First Written Above

WITNESS/ATTEST:

GLADSTONE:

GLADSTONE CAPITAL CORPORATION

Denise G. Zack

By: John W. Freal (SEAL)  
John W. Freal,  
Principal